



STATE OF WASHINGTON  
DEPARTMENT OF SOCIAL AND HEALTH SERVICES

Request for Information  
Provider Payroll Services

Responses Due: August 4<sup>th</sup>, 2006 – C.O.B. 5:00 PM, Pacific Daylight Time

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## 1. RFI Purpose

The purpose of this Request for Information (RFI) is to solicit feedback from the vendor community regarding the range of available services for processing payroll-like payments to Department of Social and Health Services (DSHS) providers. Vendor responses to this RFI will be used by DSHS to ensure that future Requests for Proposals in this area reflect general capabilities and services available on the market.

Participation in this RFI is voluntary. The Department of Social and Health Services will not award any contracts solely on the basis of information received in response to this RFI. Any future contract that may be awarded must comply with state procurement requirements.

## 2. RFI Response Instructions and Format

### **DSHS asks that all responses be received by August 4<sup>th</sup>, 2006**

Vendors are asked to provide written comments and cost information for the numbered requirements listed in Section 6 using the following response format.

Requirement Number  
Requirement Text  
Vendor Comments  
Vendor Cost Information (by requirement or generalized)

Please provide approximate timeframes to implement this functionality (timeframes may be by requirement number, by groups of requirements, or for the complete functionality you are able to provide.)

RFI responses can be provided via an electronic or paper document and submitted to:

Jerry Britcher ([britcjc@dshs.wa.gov](mailto:britcjc@dshs.wa.gov))  
Department of Social and Health Services  
PO Box 45891  
14<sup>th</sup> and Jefferson  
Olympia, WA 98504-5891

Questions regarding the RFI must be directed to the individual above, and submitted by July 20<sup>th</sup>, 2006. Electronic submission is preferred, to allow for internal distribution to appropriate staff. DSHS responses will be provided to the complete list of responders by COB, July 24<sup>th</sup>, 2006.

## 3. Business Background

The Department of Social and Health Services processes a large number of invoices and claims for providers that deliver services to its clients. Some of these providers are in-home care workers. An increasing number of these in-home care workers are represented by the Service Employees International Union (SEIU) through Collective Bargaining Agreements (CBAs). One of the recent issues being brought forward by the SEIU is the need for a payroll-like processes

and a modern payroll system to support new payment expectations for these types of providers. The requirements for this system will continue to evolve and will likely change with each new collective bargaining period.

The Agency has existing legacy systems and a new system under development to handle the processing of medical and social services invoices and claims for most of its providers. However, these systems were not intended to handle payroll-like processing and it will be difficult to meet Union requests in a timely manner. In addition, the DSHS has an enterprise architecture program which promotes "loose coupling" of unrelated functionality across its systems portfolio. This principle suggests that payroll-like functionality should be kept separate from claims and invoice processing.

The DSHS has examined multiple alternatives to meet the Union's request to provide a modern payroll system in a timely manner. DSHS feels that one of the best alternatives may be to integrate internal DSHS business processes and systems with a payroll service organization. The expectation would be that the payroll service organization will utilize a modern payroll system to support its services. Current and planned DSHS systems will still need to handle much of the provider payment process including authorization and provider information integration.

This RFI is to solicit feedback from the vendor community on the services available and estimated costs for integrating a payroll service organization into its business processes.

## **4. General Timeline**

The general timeline below indicates a few key milestones. Requirements have not been fully developed and will be the results of union negotiation which has not yet completed.

<b>Description</b>	<b>Planned Start Date<sup>1</sup></b>	<b>Planned End Date</b>
Request For Information	<b>July 2006</b>	<b>August 2006</b>
Planning/Requirements Definition Phase	<b>July 2007</b>	
Acquisition Phase		
Design Phase		
Development Phase		
Testing Phase		
Implementation Phase	<b>July 2008</b>	<b>No later than January 2009</b>

## 5. Current Environment

Currently, provider invoice and claims processing business processes are supported by State staff using the following internal systems:

Social Services Payment System (SSPS) is the current legacy DSHS system that processes most non-medical provider invoices. It was developed internally and is a COBOL system which runs on a mainframe. Excluding childcare payments, SSPS currently processes over 80,000 claims for services each month resulting in over \$1 billion in claims paid annually. Over the last two years, more than 120,000 distinct non-childcare providers have been paid from SSPS. In 2005, 52,123 W2s were issued, and in 2004 56,840 W2s were issued. Approximately half of these W2s were for SEIU union covered services. Actual payments are processed monthly through a warrant process that is managed by the Office of the State Treasurer. Some basic payroll functions were included in an earlier version of the SSPS. New payroll functions have been added to SSPS to support previous Union collective bargaining agreements (CBAs) for providers. These include:

- Union dues
- Political action committee contributions
- Health premium
- L & I
- Income tax deductions
- Advanced Earned Income Credit
- Vacation leave
- Automated wage increases based on seniority

Medicaid Management Information System (MMIS) is the current legacy DSHS system that processes most Medicaid and medical provider claims and invoices equivalent to \$4 billion annually. Providers paid through the MMIS are not unionized. Accordingly, these payments do not include payroll-like functionality. MMIS functionality is primarily driven by Federal program requirements and funding.

ProviderOne, a new system under development that is intended to replace MMIS and much of SSPS, will support all provider claims and invoice processing for the Agency. This new system is expected to eliminate a number of redundant business processes, improve payment integrity, provide a comprehensive view of all provider claim, invoice and payment information, and leverage technology by processing all similar invoice and claims processing transactions within a common system for DSHS. Some limited payroll withholding functionality is planned within scope of ProviderOne in order to meet original requirements.

## 6. Requirements

DSHS is requesting initial vendor comments and cost information on the numbered requirements listed below. Vendor comments are requested for each requirement but cost information can be listed by requirement or generalized to groups of requirements.

The project has not yet entered a formal Requirements Analysis phase and additional requirements will be part of any follow on procurement process.

Please respond to the RFI as per the format requested in Section 2.

Functional Requirements
1. Payment for wages or salaries. Rates may be based on the provider's cumulative career experience for union-eligible services (over a lifetime of the provider and across all DSHS programs). The accumulation of career hours began July 1, 2005. When an adjustment is made to a claim that has an impact on the cumulative career hour accumulation for a provider, the adjustment must cause a complete reconciliation with the accrued cumulative career hours for that provider.
2. Wages or salaries must have the clients portion of payment (participation) deducted prior to payment.
3. Provider hours worked through managed care programs and other like programs subsidized by DSHS must be included in the calculation to determine provider rate of pay.
4. Rates may be based on the level of care required for each client. Rates may be variable based on providers holding a valid professional license or certification or acting as a mentor, preceptor, or trainer of other providers. Contribution per hour for all providers covered by the agreement to be paid before the 15 <sup>th</sup> day of the month. Include a remittance report (pay stub) with detailed, supporting information.
5. Payment for overtime work
6. Travel time pay
7. Payment for holidays
8. Vacation payment and accrual. E.g. vacation accrual at 1 hour for each 40 hours worked. The desired functionality is to support accrual of vacation leave, claiming of vacation used, and reporting of accrued and available vacation hours to the provider. Vacation leave and use may have to be allocated to the different clients that the same provider supports.
9. Sick leave payment and accrual.
10. Compensation for mentorship or training activity e.g. 10 hours per week for the first 90 days
11. Deductions and withholding for retirement contributions, income taxes, Medicare, FICA, FUTA, SUTA, L&I, union dues, wage garnishments and other purposes such as child support orders, tax levies, bankruptcy orders and wage assignments. Advance Earned Income Credit.
12. Deductions for health care premiums. The system must be able to withhold an amount from the provider. In addition, the system must have the ability to identify which medical plan a provider belongs and calculate the plan's medical premium and make payment to the 3rd party administrator. This includes submitting an electronic file to the 3rd party administrator and DSHS indicating who the payment is for and what plan the payment

applies. Medical eligibility hours must be tracked.
13. Payment by employer of amounts that have been withheld from employees to meet statutory obligations for tax, insurance or pension plans such as the Federal Social Security Act or Medicare and Labor and Industries Insurance.
14. Support multiple payroll frequencies. e.g. twice monthly payments
15. Utilize different payment methods such as electronic deposits into multiple banks or other accounts per individual, payment to credit unions or Financial service provider to be agreed-upon jointly by the Employer and the Union
16. Create and distribute annual W2's, other mandatory forms, and federal reports. The system must also have the ability to allow DSHS to submit correcting provider tax information (without the generation of a payment) for situations where a service was incorrectly coded as taxable, etc. Note: The Internal Revenue Service (IRS) considers the client to be the provider's employer. Therefore, a W-2 must be generated for each Provider/Client relationship resulting in potentially multiple W-2s for a provider in a calendar year.
17. Handle an intermittent work force.
18. A provider can have multiple employers (clients) at the same time. May need to combine several employers' hours in a single payment to a provider. Each employer (client) employee (provider) relationship is issued a W2. All tax payments, FICA, FUTA and SUTA are accounted for and paid based on each unique employment relationship.
19. Family members often become a provider (which excludes them from paying FICA and FUTA, except for a spouse which excludes SUTA). System must be able to suppress various tax withholdings as indicated by DSHS in accordance with in-home care domestic employee rules under IRS publication 926
20. Providers can transition between 1099 and W2 services (and vice versa) in the same calendar year.
21. Documentation of all contact with providers
22. Mileage reimbursement for use of personal vehicles.
23. Allow for changes to be made, such as additional deductions and wage table changes within a reasonable time frame (such as 90 days).
24. Other functional requirements suggested by the vendor
<b>Technical Requirements</b>
25. Web-based and telephonic reporting of hours
26. Security: A hierarchical administrative structure will be necessary to support the DSHS structure. All access into the system will need to be secured commensurate with the financial nature of the data.
27. Other technical requirements suggested by the vendor
<b>Interface Requirements</b>
28. The payroll service vendor's processes and system will need to integrate information with DSHS processes and systems using flexible methods. Flexibility is required in determining which processes and system functionality will be provided by the payroll service vendor versus DSHS and this may change over time. See Appendix A for an example of how integration might look.
29. Some providers may contract with a Managed Care Organization (MCO), and therefore an interface is required to share cumulative lifetime hours for purposes of calculating the hourly rate across DSHS and the MCO.)
30. Other interface requirements suggested by the vendor
31. Union deductions are based on minimum-maximum thresholds and sliding scales.

Providers (employees) can transition between union and non-union covered services.
Other Requirements
32. Other requirements suggested by the vendor

## 7. RFI Access Instructions

Interested parties may also request a copy of the RFI through any of the following methods:

Online at <http://www1.dshs.wa.gov/MSA/CCS/index.htm>

By e-mail at [BritcJC@dshs.wa.gov](mailto:BritcJC@dshs.wa.gov)

In writing at the following address:

Jerry Britcher  
Department of Social and Health Services  
PO Box 45891  
14<sup>th</sup> and Jefferson  
Olympia, WA 98504-5891

By telephone at (360) 902-7550

## 8. Disclosure of Comments

Any information contained in the Vendor comments that is proprietary or otherwise confidential must be clearly designated. Marking the entire set of comments as proprietary or otherwise confidential will be neither accepted nor honored. If a request is made to view a vendor's set of comments, DSHS will comply according to the Open Public Records Act, Chapter 42.17 RCW and the agency's applicable WAC. If any information is marked as proprietary or otherwise confidential in the set of comments, such information will not be made available until the affected Vendor has been given an opportunity to seek a court injunction against the requested disclosure.

The Vendor should identify any materials which constitute "(valuable) formulae, designs, drawings, and research data" so as to be exempt from public disclosure under RCW 42.17.310, or any materials otherwise claimed to be exempt, along with a statement of the basis (cite applicable RCW sub-section) for such claim of exemption. Failure to so label such materials, or failure to timely respond after notice of request for public disclosure has been given, must be deemed a waiver by the Vendor of any claim that such materials are, in fact, so exempt. DSHS' sole responsibility must be limited to maintaining the above data in a secure area and to notify Vendor of any request(s) for disclosure within a period of five (5) years from date of award. ???



## Appendix A.

The service provider may need to provide interfaces to:

- Employment Security Department (ESD).
- Social Security Administration (SSA).
- IRS (Internal Revenue Service).
- OFM (Agency Financial Reporting System – AFRS).
- DSHS ProviderOne (or DSHS SSPS, depending on timing)
- DSHS' Research and Data Analysis (RDA).
- DSHS' CARS Vendor Accounts Receivable (VAR) system.
- L&I (workers compensation).
- BSI (Taft-Hartley Health Trust Administrator)
- Applicable Union Systems.
- Managed Care Organizations
- Providers (W2's and 1099's).

A diagram of some of these linkages is as follows:

